

EXHIBIT 121



From: Mongelluzzo, John (Exchange)
Sent: Wed, 11 May 2005 22:27:37 GMT
To: Haggerty, Mary (Exchange); Silverstein, Baron (Exchange)
BCC: Glory, Cheryl (Exchange)
Subject: due diligence changes

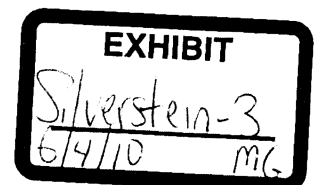
Mary/Baron I would like to implement the following changes effective Monday.

1. We should immediately have Clayton and PWC provide a code of four (4) to all loans that are accepted by Bear/EMC. This will allow us to track loans that are overridden by our due diligence managers and track the performance of those loans. Both Clayton and PWC have this capability. It would require that all due diligence managers notify the vendor of any of their overrides for each deal.
2. We should start having every won bid run through levels. For deals where we select a sample this tool should be incorporated in selecting the sample along with our already established criteria. We should also identify the top 25% of loans within the sample that we feel pose the largest risk potential. Both Clayton and PWC upon having those loans tagged/identified can place their most seasoned underwriters to review those loans and also perform additional QC on those loans. Both of these processes are ones that we can use to market our process to investors and the rating agencies going forward.
3. We should implement a standard form email to notify seller and vendors of due diligence parameters for all trades. The word doc is attached below. I sent this to Pattie, Joe Carrion and Jo Whitlock last week and have received no feedback so I think we should just implement it so we have uniformity and all necessary information is relayed to all parties.

I think these are all good first steps to start to standardize the due diligence process across Bear/EMC and will be helpful tools going forward for our scorecard efforts. Please let me know your thoughts and if you're ok with these changes I'll get them out to everyone tomorrow.

<<Initial E-mail Sample.doc>>

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EMC-AMB 001597504

Ladies & Gentlemen :

Please find attached the due diligence sample for the above referenced trade.

Due diligence has been scheduled to take place on 04/18/2005 through 04/22/2005 at the following location:

Service Firm's Location at:
PricewaterhouseCoopers LLP
18581 Teller Avenue, Suite 100
Irvine, CA 92612
(949) 724-7872
Attn: Wayne Albaugh

Or

Seller's Location at:
American Home Mortgage
538 Broadhollow Road
Melville, NY 11747

Deal Name: American Home 05-0493 WL (AE0504)

Product Type: A/Alt-A Fixed

(examples: A/Alt-A Fixed, Hybrid ARM's, Heloc's, Sub-Prime, 2nd's, etc.)

File Type: Hard Copy Files

(examples: Hard Copy, CD, Seller's Imaging System, On-Line Imaging System, etc.)

Number of Loans: 158

Review Type: 100% Credit/Compliance

Settlement Date: 05/10/2005

Guidelines to be used are dated: (also attach guidelines to email if available)

Bid slips attached: y/n

Due Diligence Manager:

John Mongelluzzo
(212) 272-7250

Service Firm Contact Information:

Primary:
Tony Neske
(425) 453-5956

Secondary:
James Zeldin
(425) 453-5944

Seller Contact Information:

Jessica Heid
American Home Mortgage
538 Broadhollow Road
Melville, NY 11747
(631) 622-5701
jheid@americanhm.com

Conditions for loans /stip clearing should be sent to:

PricewaterhouseCoopers
18581 Teller Avenue, Suite 100
Irvine, CA 92612
949-724-7872 phone

EMC-AMB 001597505

305-847-5985 fax
trailingdocs@yahoo.com

EMC-AMB 001597506

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